

Lieutenant Governor Loren Leman

August 29, 2005

Representative Eric Croft
1135 Hillcrest Drive
Anchorage, AK 99503

Dear Representative Croft: *Eric*

You submitted an initiative application for a bill "An Act levying a tax on certain leases having known resources of natural gas, conditionally repealing the levy of that tax, and authorizing a credit for payments of that tax against amounts due under the oil and gas properties production (severance) tax if requirements relating to the sale or shipment of the natural gas are met; and providing for an effective date" to me for review under AS 15.45.070. I forwarded it to the Division of Elections for verification of signatures and the Department of Law for legal review.

The petition statistics report prepared by the Division of Elections and the Department of Law's opinion regarding your application are enclosed.

The Division of Elections has verified that your application has a sufficient number of sponsors to qualify for circulation of a petition. The Department of Law has concluded that the initiative application complies with AS 15.45.030 and AS 15.45.040.

Consequently, I certify your initiative application as being in the proper form under the provisions of AS 15.45.010 through AS 15.45.070, and Article XI of the Alaska Constitution. Your official certificate is enclosed.

As Lieutenant Governor in accordance with AS 15.45.090 (2), it is my duty to prepare an impartial summary for the petition booklets. The following is the petition summary I propose:

Taxation of Gas Resources

This initiative would impose a new state tax on certain oil and gas leases overlying large deposits of natural gas until a major gas pipeline system is built. The tax would be three cents a year per thousand cubic feet of taxable gas in the ground. Taxpayers who dispute taxes owed would have to deposit the amount of taxes levied into an escrow account. If and when taxable gas is produced and transported in a major gas pipeline system, some of the taxes previously paid could be used as a credit against state gas production taxes due on the gas.

Should this initiative become law?

The Division of Elections will prepare and print numbered petition booklets for circulation. As soon as the booklets are available, the Division will send them to the Division's regional office of your choice (Juneau, Anchorage, Fairbanks or Nome). At that time, you will also be provided with instructions for booklet distribution and accounting. These must be followed.

The initiative must be filed within one year from the date notice is given that the petition booklets are ready for delivery (AS 15.45.140). However, you should also be aware of the time requirements provided in AS 15.45.190 (copy enclosed). The petition must be signed by qualified voters at least equal in number to 10 percent of those who voted in the last General Election, who are resident in at least three-fourths of the House districts of the State and who, in each of these House districts, are equal in number to at least seven percent of those who voted in the preceding General Election in the House district.

The number of signatures that you need to gather will be based on the 2004 General Election (6 AAC 25.240 (i)). You will need at least 31,451 qualified voters in at least 30 election districts to sign the petition. The vote totals for each House district from the 2004 General Election are enclosed.

If you have questions or comments about the initiative application certification, please contact my special assistant, Robert Pearson (465-4082).

Sincerely,

A handwritten signature in black ink, appearing to read "Loren Leman". The signature is fluid and cursive, with the first name "Loren" being more prominent than the last name "Leman".

Loren Leman
Lieutenant Governor

Enclosures

cc: Rep. Harry T. Crawford, Jr., Initiative Committee Member
Rep. David Guttenberg, Initiative Committee Member
David Marquez, Attorney General
Laura Glaiser, Director, Division of Elections